



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

December 2003

National Cheddar Cheese Commodity Price Decline Continues . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for butter and nonfat dry milk rose slightly, but the Cheddar cheese price continued to decline. Consequently, all types of milk showed a decrease: whole milk decreased ten and six tenths cents per gallon, reduced fat milk decreased thirteen and one tenth cents per gallon, lowfat milk decreased fourteen and nine tenths cents per gallon, and skim milk decreased thirteen and two tenths cents per gallon.

Retail sales and production of butter and cheese were strong and on the increase. The upcoming holiday seasonal demand for dairy products should contribute to this recent trend. California milk production continues to remain steady or slightly less than last year levels. Nationally, total milk production, milk production per cow, and milk cow numbers continue to be flat or down slightly when compared to last year levels and the upcoming winter weather will play a role in these current trends.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

*See lowest reported lawful retail milk prices on page 2.

Minimum Prices for the Four Types of Fluid Milk by Container Size for January 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.194	\$0.597	\$0.298	\$0.149	\$0.099	\$0.075
Reduced Fat (2%)	\$1.112	\$0.556	\$0.278	\$0.139	\$0.093	\$0.069
Lowfat (1%)	\$1.067	\$0.533	\$0.267	\$0.133	\$0.089	\$0.067
Nonfat (Skim)	\$0.817	\$0.409	\$0.204	\$0.102	\$0.068	\$0.051

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.217	\$0.609	\$0.304	\$0.152	\$0.101	\$0.076
Reduced Fat (2%)	\$1.136	\$0.568	\$0.284	\$0.142	\$0.095	\$0.071
Lowfat (1%)	\$1.091	\$0.545	\$0.273	\$0.136	\$0.091	\$0.068
Nonfat (Skim)	\$0.842	\$0.421	\$0.210	\$0.105	\$0.070	\$0.053

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.106↓	\$0.053↓	\$0.027↓	\$0.013↓	\$0.009↓	\$0.007↓
Reduced Fat (2%)	\$0.131↓	\$0.065↓	\$0.033↓	\$0.016↓	\$0.011↓	\$0.008↓
Lowfat (1%)	\$0.149↓	\$0.075↓	\$0.037↓	\$0.019↓	\$0.012↓	\$0.009↓
Nonfat (Skim)	\$0.132↓	\$0.066↓	\$0.033↓	\$0.017↓	\$0.011↓	\$0.008↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
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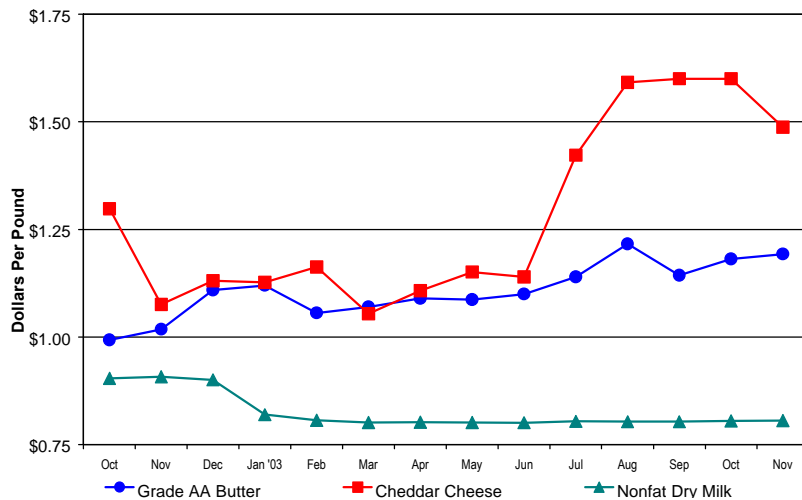
Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Mar	\$0.18	\$1.12	\$0.43
Apr	\$0.18	\$1.07	\$0.41
May	\$0.18	\$1.07	\$0.41
June	\$0.18	\$1.08	\$0.42
July	\$0.18	\$1.08	\$0.42
Aug	\$0.18	\$1.13	\$0.44
Sept	\$0.18	\$1.13	\$0.44
Oct	\$0.18	\$1.15	\$0.44
Nov	\$0.18	\$1.15	\$0.44
Dec	\$0.18	\$1.16	\$0.45

National Commodity Prices October 2002 - November 2003 Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk December 2003

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.59	\$2.30
2% Reduced Fat	\$4.49	\$2.25
1% Lowfat	\$4.49	\$2.25
Nonfat/Skim	\$3.79	\$1.90
<u>Southern California</u>		
Whole Milk	\$4.55	\$2.28
2% Reduced Fat	\$4.41	\$2.21
1% Lowfat	\$4.41	\$2.21
Nonfat/Skim	\$3.73	\$1.87

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In accordance with the California Government
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